

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**



DEPARTMENT: Internal Audit

AGENDA DATE: September 16, 2025

PUBLIC HEARING DATE:

CONTACT PERSON NAME: Liz De La O - Internal Audit

PHONE NUMBER: 915-212-1371

2nd CONTACT PERSON NAME: Miguel Montiel

PHONE NUMBER: 915-212-1367

DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL:

Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBGOAL:

SUBJECT:

Discussion and action to accept the results of the Streets and Maintenance (SAM) - Permits Review Follow-Up Audit A2025-06.

BACKGROUND / DISCUSSION:

The timeframe for this audit was September 1, 2024 to March 1, 2025. The audit determined whether corrective action was taken by management to address the recommendations identified in the original Audit Report dated July 10, 2023.

The results indicated that SAM is in the process of finalizing a Policies and Procedures Manual for the Permitting function and requesting an update to Chapter 12.30.080 to better reflect SAM operations. SAM has developed a checklist for permit site inspections and weekly reports to keep track of inspections that have been completed.

COMMUNITY AND STAKEHOLDER OUTREACH:

Not applicable

PRIOR COUNCIL ACTION:

Not applicable

AMOUNT AND SOURCE OF FUNDING:

Not applicable

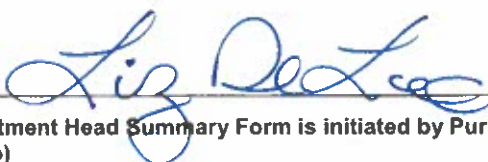
REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:

Not applicable

NAME	AMOUNT (\$)

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)



**Streets and Maintenance (SAM) – Permits
Review Follow-Up Audit
No. A2025-06**

Issued by the
Internal Audit Department
June 11, 2025

City of El Paso
Internal Audit Department
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06

EXECUTIVE SUMMARY

The Internal Audit Department conducted a Follow-Up Audit of Streets and Maintenance (SAM) – Permits Review Audit Report dated July 10, 2023. The original Audit Report contained three (3) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Original Findings	Status
1	Streets and Maintenance does not have documented Policies and Procedures specific to the Permitting Function of the department.	In Progress – No further Follow-Up work will be necessary.
2	Streets and Maintenance is not issuing permits to contractors within one (1) working day as required by Chapter 12.30.080 of the City of El Paso Municipal Code. On average, SAM is taking <u>4 days longer</u> than as required by City Ordinance.	In Progress – No further Follow-Up work will be necessary.
3	Streets and Maintenance is not consistently conducting inspections on permitted sites before closing out the permit.	Implemented

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

**City of El Paso
Internal Audit Department
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06**

BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *Global Internal Audit Standards* (Standard 15.2) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated July 10, 2023.

AUDIT SCOPE AND METHODOLOGY

Our scope for September 1, 2024 to March 1, 2025 will include to:

- Review AECOM's assessment of Streets and Maintenance's Permitting Process.
- Review Streets and Maintenance Policies and Procedures related to the Permitting Process.
- Review City of El Paso Municipal Code to identify whether updates have occurred.
- Review Streets and Maintenance methods for keeping track of Permits that require inspections.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *Global Internal Audit Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE
TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the follow-up audit results, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Original Finding 1

Policies and Procedures

City of El Paso Strategic Plan:

- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity*

A strong system of internal controls requires that Policies and Procedures be developed that document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.

Streets and Maintenance (SAM) does not have documented Policies and Procedures specific to the Permitting Function. SAM follows City Municipal Code: Chapter 12.30 – Temporary Traffic Control, Chapter 13.08 – Excavations and Chapter 15.08 – Street Rentals for guidance. SAM also follows Chapter 6 of the Texas Manual on Uniform Traffic Control Devices (TMUTCD) for guidance.

Original Recommendation

Streets and Maintenance should develop a Policies and Procedures Manual specific to the Permitting Function of the department.

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Management's Response

Streets and Maintenance is currently completing its final evaluation of consultant recommendations of the ROW permitting process improvements. This evaluation will allow the department to develop a comprehensive Policies and Procedures Manual.

Responsible Party

Randy Garcia

Implementation Date

March 2024

Current Observation

Streets and Maintenance (SAM) provided six (6) draft documents of Procedures used by SAM staff for the Permitting Process. The documents have not been consolidated into a single manual and the manual has not been finalized. SAM entered into an agreement with a consultant, AECOM, to conduct additional work related to the Permitting Process and the work is ongoing.

Status

In Progress – We are very confident that the update to SAM's Permitting Procedure will occur. Additional work from AECOM is being conducted with an estimated completion date of December 2025. No further Follow-Up Audits will be necessary.

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Original Finding 2

Permit Issuance

City of El Paso Strategic Plan:

- Goal 6.5 *Deliver services timely and effectively with focus on continual improvement*
- Goal 6.7 *Deliver effective and efficient processes to maximize value in obtaining goods and services*

City of El Paso Municipal Code:

- Chapter 12.30.080 – *Approval or denial of temporary traffic control plan states that “the permit official shall approve or deny a completed application within **one city working day** of the permit official’s receipt of the completed application for permit.*

A sample of 25 permits issued within FY 2022 were selected for review. The sample was selected using a random number generator.

- Six (6) out of 25 (24%) permits selected were extensions on previously issued permits. The Internal Audit Office tracked the time from request to issuance of initial permit.
- Eight (8) out of 25 (32%) permit applications did not have an application date. The Internal Audit Office used the date of document upload on Accela to determine request date.

Streets and Maintenance issued 25 permits to contractors at an average of 5 working days per permit. On average, SAM is taking **4 days longer** than as required by City Municipal Code.

- Ten (10) permits were issued within one city working day as required by City Ordinance.
- The remaining 15 permits issuance ranged from 2 working days to 23 working days.

Working Days from Request to Issuance	# of Permits
0-1 days	10
2-5 days	8
6-9 days	2
10-14 days	1
15+ days	4

Original Recommendation

Streets and Maintenance (SAM) should work to revise the City Ordinance to better reflect SAM operations.

City of El Paso
Internal Audit Department
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Management's Response

Streets and Maintenance is beginning the process to revise the City Ordinances related to ROW permits based on the recommendations, specifically the process diagrams, provided by the outside consultants ROW permitting process improvement report.

Responsible Party

Randy Garcia

Implementation Date

October 2024

Current Observation

As of June 10, 2025, Chapter 12.30.80 of the City of El Paso Municipal Code has not been updated. The requirement of SAM approving or denying a completed permit application within one city working day still applies. A consultant contracted by SAM, AECOM, also provided a recommendation to adjust the Municipal Code to better reflect SAM operations. Therefore, we have two (2) entities that are recommending the same thing.

Status

In Progress – We are very confident that the recommendation to update Municipal Code 12.30.080 will happen. Additional work from AECOM is being conducted with an estimated completion date of December 2025. No further Follow-Up Audits will be necessary.

City of El Paso
Internal Audit Department
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06

Original Finding 3

Permit Inspections

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk*

City of El Paso Municipal Code:

- Chapter 13.08.030 Subsection F – *“Permittees shall request appointments for inspections by city inspectors for backfill, two sack, asphalt or concrete placement by calling the permit official. Requests shall be made on or before the city work day prior to the day the permittee wishes the inspection to take place. Appointments shall be made subject to the availability of the city inspectors. Inspections not performed during normal city work hours shall be subject to the after hours inspection fee in Section 13.08.040.”*

A sample of 25 permits issued within FY 2022 were selected for review. The sample was selected using a random number generator.

- Ten (10) out of 25 (40%) permits selected had inspection documentation entered into Accela.
- Nine (9) out of 25 (36%) permits selected did not have any record of Inspections on Accela. Comments included in the emails noted that the contractors did not contact SAM to schedule inspections.
 - All 9 permits selected without inspection documentation were listed as “Closed” on Accela.
 - Backfill inspections for EPTC22-03192 did not occur as they were eliminated by the previous Transportation Manager to reduce the volume of pending inspections.
 - EPTC22-01325 did not have a final or other inspections conducted. Only a pre-construction inspection was conducted.
- Four (4) Traffic Control Permits selected did not have a corresponding Paving Cut Permit, therefore did not require inspections.
- Two (2) permits selected were under the Capital Improvement Department (CID). CID handles their own inspections.

Original Recommendation

Streets and Maintenance should develop inspection Policies and Procedures and an Aging schedule based on Permit Issuance Dates in order to keep track of sites that require inspections.

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Management's Response

Streets and Maintenance developed a ROW permit application and inspection checklist in conjunction with the outside consultants ROW permitting process improvement report. Upon implementation of Policies and Procedures Manual and adoption of the recommended ordinance changes the Department will begin to utilize the checklist. The Department is currently working with the City's IT department to develop a dashboard or report that tracks the aging of ROW permits.

Responsible Party

Randy Garcia

Implementation Date

October 2024

Current Observation

Streets and Maintenance has developed a "Pre-Construction and Inspection Checklist" to be used for permits that require pavement cuts. The checklist is completed and signed off by both the Contractor and a City inspector. The checklist is being used, but SAM is still integrating feedback from relevant stakeholders. A "Weekly Permit & Inspection Report" has been developed that monitors statistics such as Inspections Completed and Failed Inspections and drilldowns by Inspector.

Status

Implemented. Additional work from AECOM is being conducted with an estimated completion date of December 2025.

**City of El Paso
Internal Audit Department
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06**

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Streets and Maintenance (SAM) – Permits Review Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether Streets and Maintenance met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. Streets and Maintenance Department met the audit objectives in the following areas:
 - Working to finalize a comprehensive Policies and Procedures Manual for their Permitting Process.
 - Working to revise Chapter 12.30.080 of the City of El Paso Municipal Code to better reflect department operations.
 - Developing a checklist and weekly report to keep track of Permits that require inspections and completed inspections.

We wish to thank Streets and Maintenance Department management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

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